

BOARD OF TRUSTEES  
Division of Public Works Retirement System  
Meeting Minutes  
August 2, 2016

A meeting of the Board of Trustees, Public Works Retirement System was held at 11:30 a.m. on Tuesday, August 2, 2016 in the Large Conference Room located at 9 Riverside Street. Chairman, Frank Anderson presided.

**Trustees Present:** Frank Anderson, Mayoral Appointee  
Paul G. Bergeron, BPW Commissioner Representative  
Ben Bausha, Employee Member

**Trustees Absent:** Kathie Berube, Employee Member  
Michael O'Brien, Aldermanic Liaison

**Others in Attendance:** Mr. David Fredette, City Treasurer  
Mr. Eric Stubbs, Senior VP, RBC Wealth Management  
Mr. Michael Winn, RBC Wealth Management  
Mr. Ted Sullivan, Street Dept. Employee  
Mr. Dave Burrows, Street Dept. Employee

**Expected Visitors:**

Mr. Eric Stubbs from RBC Wealth Management gave an overview of the portfolio from June 30, 2016. Mr. Stubbs commented that we are slightly light on equity at the end of the quarter. He stated that within the equity piece, we were a little underweight on the international side of the benchmark. Fairly close to the benchmark. We will hopefully see some recovery in the 2017 numbers and a path with the equity. Right now we are seeing earnings start to improve after being flat for the last two years. By next year we should see some appreciation. Asset class breakdown was discussed and shown that it was on benchmark. Mr. Stubbs mentioned that on the bond account we are well ahead of benchmark on YTD basis. A question from Trustee Anderson, wants to know if we are at the high on the benchmark for International Equities. Mr. Stubbs said that we are but we are leaning towards the conservative side. Mr. Fredette wanted to know when we started into the plan. Mr. Stubbs thought it was a month into 2014. Mr. Fredette also wanted to know if the figures on Page 7 of the handout would show a three year history. Mr. Stubbs said as of 2017 it will.

On the Portfolio Review, Mr. Stubbs spoke about the summaries on Page 5 of the handout. He mentioned that we are getting a little bit of a pickup that you will see on Page 8 on the Benchmark Account. According to Mr. Stubbs, the portfolio is a very high grade portfolio according to the Benchmark. Trustee Anderson wanted to know if we still own individual bonds and Mr. Stubbs said that we did. As of July 27<sup>th</sup> we are at 57-58% equity according to Trustee Anderson, slightly under our target. Mr. Anderson asked if we will have the yearend report at the end of January. Mr. Stubbs said yes and he thinks it will be healthy. From a relative standpoint he thinks we are at least 3/4 better than most funds. He can't predict if the Presidential Election will change anything. Sometimes it's good, sometimes it's bad.

#### **Minutes of the Meeting:**

The minutes of the June 28, 2016 meeting were presented for review and acceptance.

**MOTION BY:** Trustee, Paul Bergeron moved to accept, place on file, and approve the minutes of the June 28, 2016.

**SECONDED BY:** Trustee, Ben Bausha

**MOTION CARRIED:** Unanimously

**DISCUSSION:** Mr. Fredette said he is trying to schedule a meeting with Retiree, Peter Bonet regarding the COLA'S with the Mayor. He has mentioned it to Retiree, Lucien Roy as well. It may be held late August, early September. He will let Trustee Anderson know when it will take place.

#### **Personnel:**

None

#### **Old Business:**

The Software Conversion Committee for management of the Retirement System was discussed briefly and Mr. Fredette said a Committee has not been formed as yet.

#### **New Business:**

Approval of the current disbursement of funds for the period of June 1, 2016, thru June 30, 2016 in the amount of \$262,698.20 was presented to the Board. The Trustees reviewed the detail.

**MOTION BY:** Trustee, Frank Anderson moved to approve the current disbursement of funds for the period of June 1, 2016, thru June 30, 2016 in the amount of \$262,698.20

**SECONDED BY:** Trustee, Paul Bergeron

**MOTION CARRIED:** Unanimously

**DISCUSSION:**

**Period for Public Comment:**

Mr. Ted Sullivan asked the question about his estimated 400 hours earned time that he will get when he retires per his contract in which pension payments come out of. Is that paid in a lump sum? Mr. Fredette said he could have had the answers ahead of time if he had known the questions but for an AFSME employee they get sick & vacation and when they retire their pension comes out of sick. If you are UAW Employee, the pension comes out of earned time but not out of their sick pool. Mr. Sullivan asked that out of his 1300 weeks, that are required to retire, would he have to put in another 10 weeks to pay for his pension for the 400 hours? Mr. Sullivan presented a scenario, about two employees that start on the same day and will retire on the same day. Employee 1 has used all his earned time during his career of 25 years. Employee 2 doesn't take all his earned time and has an excess of 400 hours. Does this mean Employee 1 gets the same retirement benefit as the person that has the extra hours of earned time? Does this mean that it will cost him 10 weeks (400 hours of earned time) more than Employee 1? Trustee Anderson thought that the calculation was included in the pension. He said that there is no lump sum to be given out. Mr. Fredette said this goes back to the mid 1990's with memos from HR & Legal. Mr. Sullivan said he didn't get that memo or statement. He said that in the booklet he was given, it states it will be deducted from his payroll. Mr. Fredette said that it gets deducted from your pay over the years. Mr. Sullivan said he feels like it would be penalizing Employee 2. Mr. Sullivan said he feels like it's better to use all his earned time before he retires. He feels like he was informed by the booklet he was given that he would be penalized for not using the earned time beforehand. He would like to clear this up. Mr. Anderson asked if the employees are entitled to payment of the unused earned time. Mr. Sullivan said yes. Mr. Bergeron asked if the City matches for the time put in. Mr. Fredette said they either get the ten separate checks or a lump sum. Mr. Fredette said he has heard this question before. Mr. Burrows asked that if you get your first pension check the first week after you retire. He wanted to ask if this meant that you couldn't collect your Pension and be getting an Earned Time paycheck from the City. Mr. Fredette said that per the Ordinance, the pension would be taken out of their extra weeks. Mr. Sullivan said that he has never heard of that. Mr. Fredette said that he will ask HR & the Legal Dept. and get back to Mr. Sullivan & Mr. Burrows. Mr. Anderson wanted to clarify that this board can't change anything but they can suggest a change. Mr. Fredette said he knows it is limited when you are trying to reach your 1300 weeks.

Mr. Sullivan & Mr. Burrows said that they do not have Medicare taken out of their checks. Mr. Fredette said that prior to 1987 they did not pay Medicare but he thought after that everyone had to pay. Mr. Sullivan said they cannot have it taken out now per the Medicare Office. Mr. Bausha thinks they will be fined for not having Medicare when they go to retire. Mr. Fredette will find out the answers to all these questions. Mr. Sullivan wants to know if there is a limit to how many weeks he can take of earned time. Mr. Fredette said he can set up a meeting with Human Resources so that everyone is on the same page.

Mr. Burrows wanted to know if he has some "post tax money" how does he account for that. How can he find out what portion of the interest will be in his pension. Mr. Fredette said that in your annual statement it will state that amount. When you file your annual return, he thinks you won't have to pay tax on that. He said the City only reports that amount. Mr. Anderson said it has nothing to do with Roth. He thinks you

would be taxed on that post tax money. Mr. Fredette said that he will ask Payroll how we do that and email him.

**Items by the Trustees:**

None

Next meeting is set for Tuesday, August 30, 2016.

**MOTION TO ADJOURN:** Trustee, Frank Anderson moved to adjourn at 12:30 pm.

**SECONDED BY:** Trustee, Ben Bausha

**MOTION CARRIED:** Unanimously

*Minutes Transcribed by: Mary Woods*